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RV BUSINESS

APRIL 21, 1989

RVIA Launches RV-Service Training Series

Plans for an experimental series of training programs for RV-dealer technicians were approved during RVIA's quarterly board of directors meeting, held March 2 in conjunction with the national trade association's annual meeting in Maui, Hawaii.

And, if all goes well with the first two 4½-day sessions this fall and winter, the educational series may be expanded and offered at as many as nine regional sites by 1990-91, according to program planners.

Coordinators of the new repair/troubleshooting program said they view the training plan as the most aggressive move to date in attacking what is widely considered one of the RV industry's most troublesome areas: professionalism in service work at the dealership level. The new program, they maintained, reflects the industry's renewed commitment to improved service for RV owners, and, in part, answers some of the controversial recommendations set forth 16 months ago by the Consumer Care Commission, an industry coalition formed at the urging of RVDA to study ways of improving consumers' RVing experiences.

Mac Bryan, RVIA vice president of administration, who will oversee and finalize plans for the program, said the program also speaks to the new clout of RV suppliers, many of whom have been vocal about their perceived lack of input in industry affairs. He noted that the seminars were proposed by the education subcommittee of RVIA's

continued on page 12

MINIS: Minimotorhome manufacturers foresee good sales for this year, as well as a trend to longer, more luxurious units that compete head-on with smaller Class A's. See page 30.

Ford Warns RV Makers On Chassis Heat-Shielding

Ford Motor Co engineers recently issued warnings and guidelines to motorhome manufacturers at meetings held in Elkhart, Ind., and Los Angeles, Calif., in regard to proper methods of shielding the chassis exhaust system to prevent heat buildup.

Jerry Mittman, RV/OEM sales manager of Detroit, Mich.-based Ford, said the automaker notified all pool-account motorhome builders earlier this year that attendance at the meetings would be mandatory if they were to continue to receive chassis. Mittman added, "Every account attended."

According to Mittman, Ford engineers determined that the meetings were necessary because of the high engine temperatures generated in today's motorhome chassis.

"Because of those engine temperatures," he explained, "we have found that many areas in the conversion process are more critical, and we wanted to provide motorhome manufacturers with some basic guidelines on what they should and should not do. For example, we wanted to emphasize that Ford did not want them to remove any heat shields that we provide, that we do not want them to use wood as a base material, that we do not want them to spray undercoating on the exhaust-system routing, and so on. We also gave them some guidelines on exhaust-system routing, and we explained what to do and not do with fuel systems and heat-shielding."

The announcement of the guidelines, followed by a further notice from Ford that it would begin plant inspections under a

continued on page 12

7 Mallard Places Third in Sales Of Motorhomes

7 ElDorado Files Chapter 11

7 Investor Bids $545 Million For Coleman Co.

8 ARC Sponsors Sheldon Coleman Outdoor Award

8 Fleetwood Schools Get High Marks

9 Industry Weighs Ford Qualification Program

9 Mark III Plans To Be Biggest Van Converter

10 RVIA Votes Down Hike in Show Fees

10 Lance Builds Dealer Network On East Coast

11 RC Industries Buys Assets of Elkhart Traveler

11 Fiberglass Makers Face Strict Air Rule

RV BUSINESS

VOLUME 40, NUMBER 2 APRIL 21, 1989 TWO DOLLARS

45

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COVER PHOTO: JAYCO INC. CLASS C INTERIOR; COURTESY OF B.J. THOMPSON ASSOCIATES

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Minimotorhome makers are generally optimistic about 1988 and predict that longer, more luxurious Class C's will lead the way in challenging Class A's for market share.

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Racial and ethnic minorities are increasingly important markets in urban, Southern and Western areas, according to dealers who actively cater to minority buyers.

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LOOKING FOR THE RV GROUNDHOG

MORTON J. MARCUS

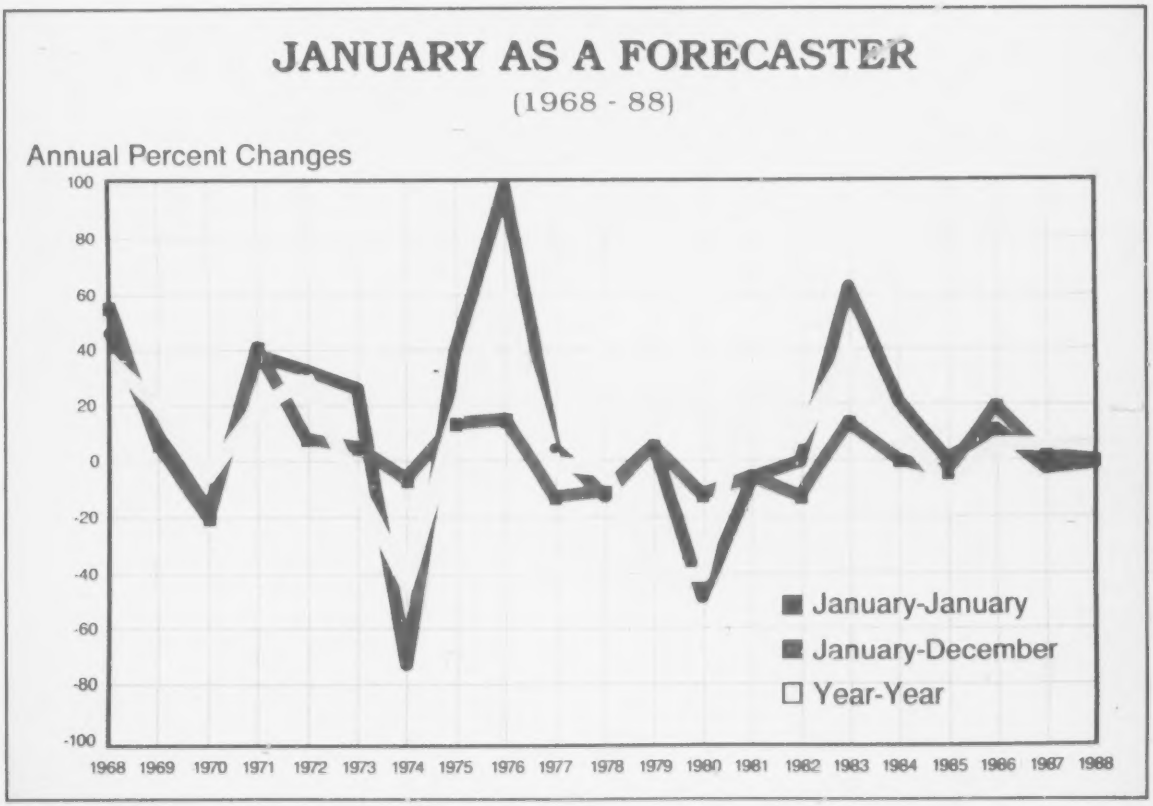

Figure 1

What is the worst part of writing these monthly reports on RV shipments? It is the knowledge, shared by writer and reader, that events have moved beyond the data presented here. There is no way around that reality.

Here it is April as you are reading words that were written as early as possible in March and based on data that was reported in February to represent the events of January. Given the wonders of modern communications and computers, we expect instantaneous knowledge, but that is not yet possible.

Which month is the most difficult one to write about? The January data takes that prize. There is little to say about a single month of the year, as we will now demonstrate.

Ups and Downs

January shipments, when adjusted for normal seasonal patterns, were *up* by 1,650 units, or 5.1%, from the same month a year ago. *(See Figure 3.)* This follows the strong pattern of last year, in which year-to-year gains at the monthly level were common.

At the same time, January shipments were *down* from the stratospheric levels of late 1988. Since last year closed with unusual strength on the part of van conversions in November and December, a decline in January was no more than a smoothing over time. In fact, a drop in van conversions alone accounted for more than 77% of the decline in shipments from December '88 to January '89.

Yet, to be sure, the decline of January was widespread. *(See Figure 2.)* Except for fifth-wheels, all towables dropped in January 1989 from December 1988 levels. In addition, towables, as a group, were down from January 1988. This year-to-year fall was led by folding camping trailers.

Motorhomes, as a group, were running more than 14% ahead of a year ago, although they were down from December's level. Also, each type of motorhome was ahead of January 1988's pace although still behind December figures. Thus, in terms of market share, it is clear that motorhomes strode ahead of last year at this time. *(See Figure 4 on page 19.)*

The decline in market share by towables was evenly shared between motorhomes and van conversions. As noted above, van conversions accounted for more than 77% of the difference between December and

GRAPHICS: CUSTOM COLOR VISUALS

January shipments. They also accounted for more than 72% of the positive difference between this January and last January. Because van conversions represent nearly half the market and tend to have wide monthly swings, their performance could distort the full picture if the details of Figures 2 and 4 were omitted.

What Does January Tell Us?

There is a group of stock market analysts who proclaim that "as the market goes in January, so it will go in the year." A subset of these chart-reading seers contends that "as the market goes in the first week of January, so goes the market in the year." Fortunately, we do not have weekly data for RV shipments!

But we can examine the record of January as a predictor of the full year. Think of the benefits. If January turns out to be a good indicator, we can now shut down our brains and ride out the year with confidence. There will be no need to wait for February information (the traditional groundhog indicator from Pennsylvania's Punxsutawney); we can just read the January numbers and let the marketing department imitate the repairman from Maytag.

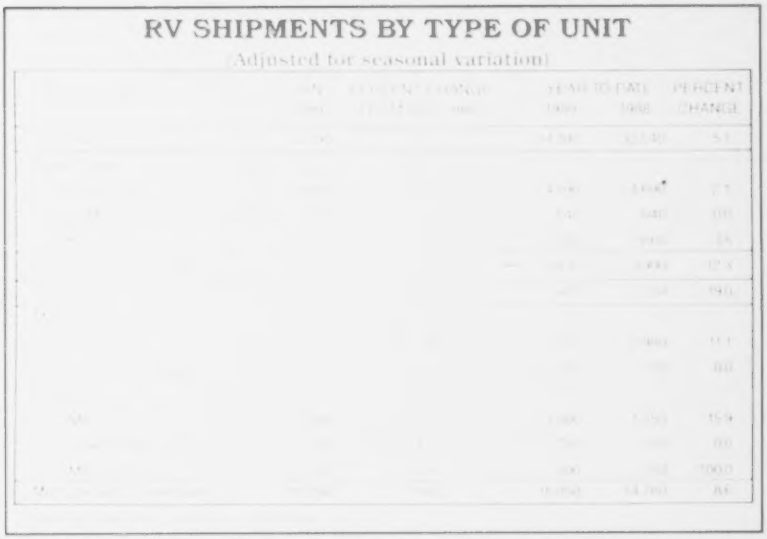

Figure 2

Sorry. If we use a January to January percentage change in shipments as a predictor of the full year, we turn out to be losers. In the past 21 years (1968-88), January has predicted the direction of the RV market incorrectly nine times. (See *Figure 1*.)

For example, January 1988 was *down* by 1.3% from the same month of a year earlier, but full-year 1988 shipments were *up* by 0.8% over 1987. That is an error of 8.1%. In fact, 1988 was one of the best years for using January as a predictor. The average

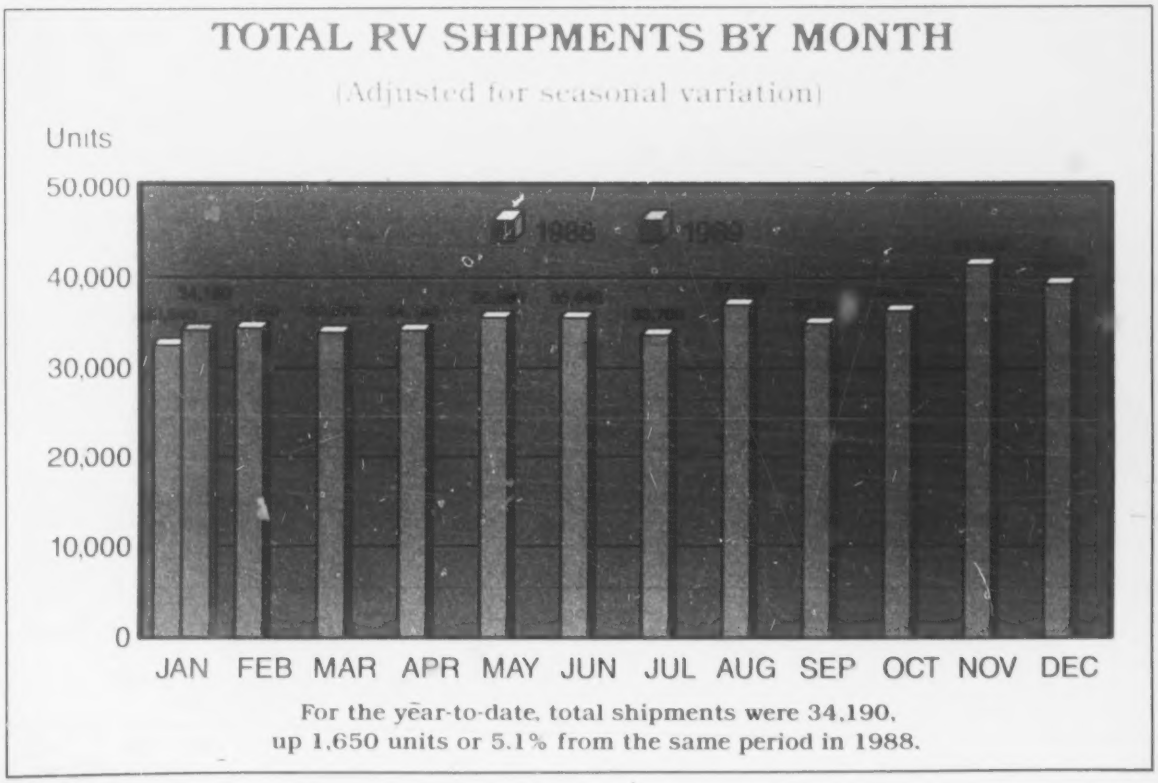

Figure 3

RVIA SHIPMENTS *continued*

percentage error for using a January-to-January comparison as a predictor is a much higher 17.3% discrepancy.

January was at its best as a predictor in 1972. In that year, January shipments were up by 32.6%, and the year ended with shipments up by 29.2% – a difference of only 3.4 percentage points.

The worst forecast based on the January-to-January percent change was in 1979. In January 1979, before the takeover in Iran, shipments were up 5.7% over the previous January. By the time the year was over, shipments had fallen nearly 41% – making a prediction error of more than 46 percentage points.

"But," you say, "no reasonable person is going to expect to compare January of this year with January of a year ago. We should compare January with the immediately preceding month of December. That's the way the stock market gurus do it."

OK, let's look at January shipments as a predictor of the direction of the full year when compared with December's performance. Sorry again! If we use a December-to-January percentage change in shipments as a predictor of the full year, we still turn out to be losers.

In the past 21 years, January has indicated an incorrect direction for the RV market 15 times. For example, shipments for January 1988 were *down* by 0.3% from those of the preceding December, yet shipments for 1988 ended *up* by 6.8% from 1987. That is an erroneous swing of 7.1%, but slightly less than the error we would have made using the January-to-January comparison. However, the *average* percentage error for using a January-to-December comparison as a predictor is 19.4%, even higher than the 17.3% discrepancy obtained by using a January-to-January comparison.

MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1988	1987
Total RVs	100.00	100.00
Travel Trailers:		
Conventional	13.42	14.43
Park Models	1.87	1.96
Fifth-wheels	8.04	8.16
Folding Camping Trailers	10.00	11.98
Truck Campers	2.54	2.24
Total Towables	35.87	38.77
Motorhomes:		
Class A	9.68	9.15
Class B Van Campers	0.91	0.96
Class C:		
Minis	5.27	4.77
Low Profiles	0.44	0.46
Micro-minis	0.86	0.46
Total Motorhomes	17.18	15.80
Multiuse Van Conversions	46.95	45.43

Detail may not add to total because of rounding.

Figure 4

The best predictive result for the January-to-December comparison occurred in 1975. In that year, monthly shipments were up by 13.5% in January over the preceding December, and the year ended 14.8% ahead – a difference of only 1.3 percentage points. The worst January forecast made using December as a base was again in 1979, but that was a bad year no matter how one examines it.

In Figure 1, the yellow line shows the year-to-year percentage change in RV shipments. Then above and below the line are the "forecasts" made by using January as an indicator (based on comparisons with either the preceding January or December).

If you can tolerate being wrong very often, and by as much as 19% on average, then you can use January changes in RV shipments to forecast the year to come and ignore the rest of our reports as the year progresses. But, if you prefer a little more predictive accuracy, we expect your complete attention to these pages again next month. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

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AFTERMARKET SALES MADE STRONG GAINS AT CLOSE OF 1988

MORTON J. MARCUS

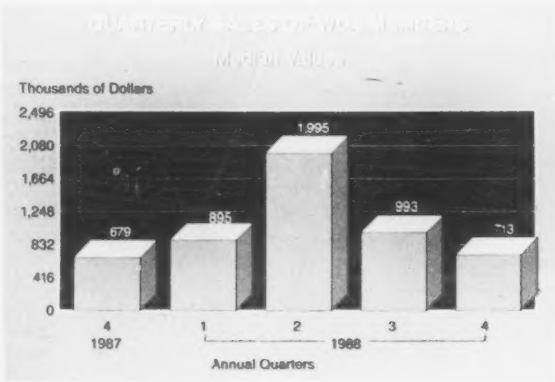

Figure 1

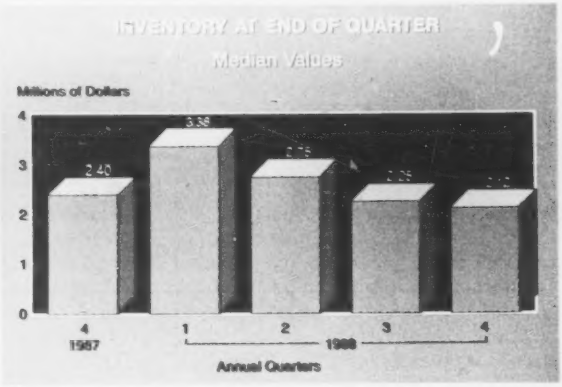

Figure 2

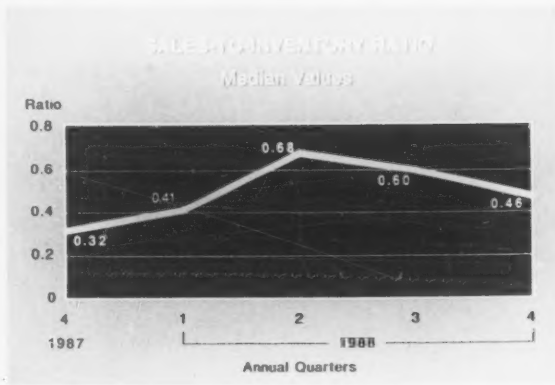

Figure 3

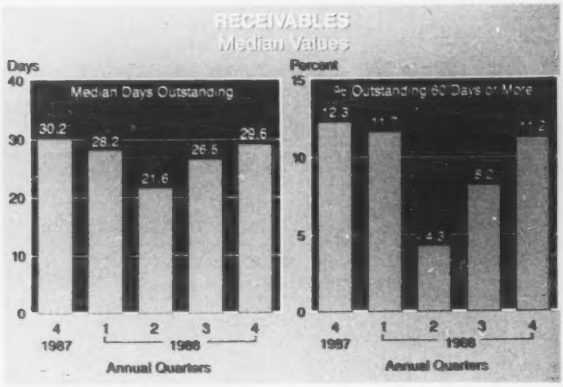

Figure 4

The aftermarket for RV parts and supplies ended 1988 on a strong note. The 21 firms surveyed in both fourth quarters of 1988 and 1987 reported an increase in total sales of 18.6% over the fourth quarter of '87. Sales per firm for all 25 reporting units in this quarterly survey, which is conducted by the Warehouse Distributors Association (WDA), Bradenton, Fla., were up 19.7% from the same period a year earlier. The median WDA firm indicated a sales growth of 5% compared with the final quarter of 1987. *(See Figure 1.)*

Canadian firms indicated slightly less positive results than did their U.S. counterparts: Continuing respondents in Canada reported a 15.4% gain, compared with a 17.5% increase for U.S. firms. The results for each nation are independent of exchange-rate variations but are not adjusted for price changes.

Total sales reported were $32.6 million during the final months of October,. November and December in 1988. That tally can be compared with the $31.6 million reported in the fourth quarter of 1987.

However, the reporting firms differed in each quarter: There were 25 reporting firms in the fourth quarter of 1988, and 29 in the same quarter of 1987. As a result, it is best to consider the average per firm, which rose from $1,091,000 in sales in the fourth quarter of 1987 to $1,306,000 in the last three months of 1988, a gain of nearly 20%. The median firm showed only a 5% increase for the year, but that was a result of a drop in the number of reporting firms and a change in the composition of the sample. Larger reporting units de-

GRAPHICS: CUSTOM COLOR VISUALS

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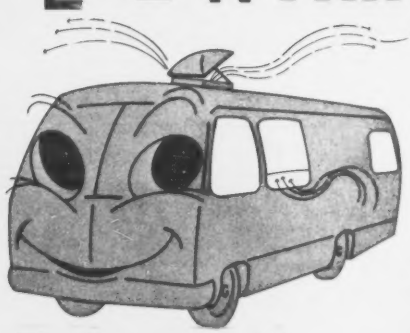

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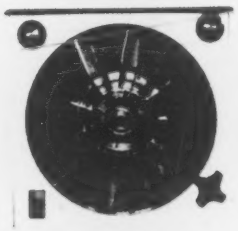

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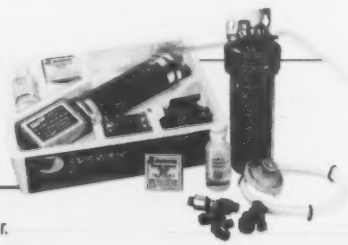

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WDA AFTERMARKET *continued*

creased with almost no decline in the number of smaller units participating in the voluntary quarterly survey.

Inventories for firms reporting in the fourth quarter of both 1987 and 1988 were up by 18.6%. The decline in the inventories of the median firm, again results from the decrease in the number of firms reporting in the fourth-quarter period and the changing composition of the sample. *(See Figure 2.)* Continuing firms in both the United States and Canada had unambiguous increases of inventories between the years 1987 and 1988.

When the same quarters are compared year-to-year, sales-to-inventory ratios were clearly improved.

When the same quarters are compared year-to-year, sales-to-inventory ratios were clearly improved. *(See Figure 3.)* This improvement is seen in all size classes of firms in the data, which is provided to all participating WDA members. However, U.S. and Canadian firms did have different experiences. There were minor declines in the sales-to-inventory ratio reported by firms north of the bord[illegible]

Firms reporting in the WDA survey showed a slight, fourth-quarter decline in the average days for receivables, which were down from 30.2 days in 1987 to 29.6 days in 1988. *(See Figure 4.)* This improvement was also evident in the decline of the percent of receivables more than 60 days old, which declined from 12.3% in the last three months of 1987 to 12.2% in the fourth quarter of 1988.

The WDA survey is conducted each quarter by the Indiana Business Research Center at Indiana University, and all data are maintained under strictly confidential conditions. All results are coded so that none of the personnel at the university or at WDA headquarters is able to identify information with specific reporting units. Oversight of this effort rests with the Statistics Committee of WDA, which continues to invite more member firms to participate in the program. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

1988 FINISHES ON A HIGH NOTE

THOMAS WALWORTH

East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin; **Mountain**: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; **Northeast**: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; **Pacific**: Alaska, California, Oregon, Washington, Hawaii; **South Atlantic**: Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; **West North Central**: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota.

The year-end 1988 retail sales numbers are finally available. The motorhome and RV-trailer segments of the RV industry were both up compared with 1987, thanks to strong monthly sales in early and late 1988. Figures 1 and 2 outline the year-to-date sales comparisons and show how monthly variations affect the cumulative numbers.

For 1988 as a whole, motorhome sales increased 4% from the previous year, and RV-trailer sales were up 5.4% over 1987.

For the month of December 1988, motorhome sales were 6% higher than in December 1987. Figure 3 shows the ranking of national regions by percent changes in sales from December 1987. Within the top-ranked South Central region, Mississippi had the largest percentage increase in sales. Arizona, in the bottom-ranked Mountain region, had the largest decline.

Figure 4 shows a regional ranking by the percent change in motorhome sales from 1987. Nevada was the No. 1 state in 1988 in terms of percentage increase in sales in the leading Mountain region. In the trailing South Atlantic area, North Carolina reported the weakest 1988 sales performance compared with 1987.

The RV-trailer market registered a strong sales performance in December 1988, increasing 8.2% over December 1987. Figure 5 illustrates the ranking of regions based on a percentage sales change in December 1988 compared with the previous December. The South Atlantic region led the pack, and Florida came in with the strongest performance within the region. The West North Central area came in last, with Nebraska reporting the largest sales decline among those states.

In December 1988, the RV-trailer industry also came in with a 5.4% rise over 1987's year-end total. A regional breakout of the percent change in RV-trailer sales from 1987 is detailed in Figure 6. In the top Mountain region, Idaho claimed the largest percentage increase from the previous year. In the bottom-ranked South Atlantic states, Florida tallied the largest decline in RV-trailer sales for the year-to-date.

As a year-end bonus, Figures 1 and 2 look at monthly percent changes in 1988 and how they affect the year-to-date cumulative totals. Figure 1 illustrates the fact that motorhomes started 1988 with a 7% drop in sales in January. Motorhome sales had a peak 34.9% increase in March, but a decline started in June. Motorhome sales registered increases again in November and December to end the year with a 2,344-unit increase for 1988 compared with 1987.

Figure 2 shows the RV-trailer industry starting out in January 1988 with a 6.1% decline. Trailers peaked out in March with a 15.6% increase and started a three-month slump in September. By December, the market had picked up with an 8.2% increase in sales, so that RV trailers completed 1988 with a 4,774-unit rise in sales over 1987.

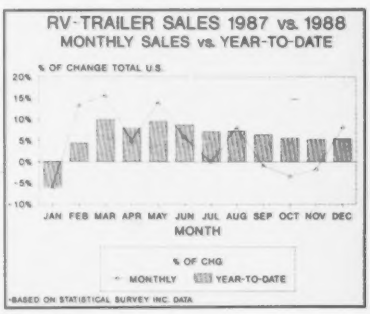

Figure 1

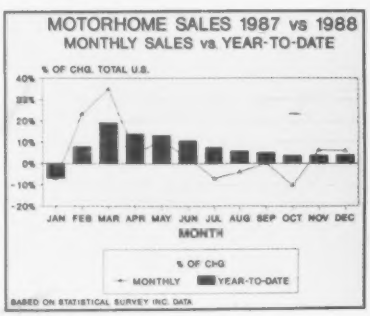

Figure 2

My regional analysis of 1988 is that the West Coast was challenged by the Northeast for RV-trailer sales leadership. The Northeast ended up only 1,800 units away

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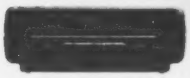
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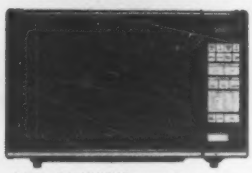
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AT RETAIL *continued*

from the leading Pacific region, in terms of retail sales. In the motorhome segment, the Pacific region remained very strong, with 33% of all motorhomes retailed in the United States.

Looking at 1989, I believe registrations will show a strong January and February

MOTORHOME MARKET

Dec. '88 Rank	Region	% of Change From Dec. '87	Nov. '88 Rank
1	S. Central	40.00	4
2	W.N. Central	29.00	3
3	S. Atlantic	21.00	7
4	Northeast	9.00	5
5	E.N. Central	4.00	6
6	Pacific	– 2.00	2
7	Mountain	–25.00	1

Figure 3

MOTORHOME MARKET

Dec. '88 Rank	Region	% of Change Year-to-Date	Nov. '88 Rank
1	Mountain	11.20	1
2	Pacific	11.10	2
3	Northeast	5.00	3
4	E.N. Central	3.00	4
5	W.N. Central	2.00	5
6	S. Central	– .50	6
7	S. Atlantic	– 8.00	7

Figure 4

RV-TRAILER MARKET

Dec. '88 Rank	Region	% of Change From Dec. '87	Nov. '88 Rank
1	S. Atlantic	23.00	5
2	S. Central	11.00	3
3	Northeast	10.80	7
4	E.N. Central	10.00	6
5	Pacific	.46	2
6	Mountain	– 4.00	1
7	W.N. Central	–13.00	4

Figure 5

RV-TRAILER MARKET

Dec. '88 Rank	Region	% of Change Year-to-Date	Nov. '88 Rank
1	Mountain	10.00	1
2	W.N. Central	8.00	2
3	Pacific	6.00	4
4	Northeast	5.00	3
5	S. Central	3.50	5
6	E.N. Central	3.40	6
7	S. Atlantic	– 2.00	7

Figure 6

due to pent-up demand from 1988 and good weather in the North in those two months. March should show some decline in sales as interest rates rise, and this increase in rates will continue through the spring months. However, the decline experienced in the fall of 1988 will not be as severe in 1989. The growth in the number of double-income families and retirees will protect the RV market from the traditional pitfalls of changing economic times. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.

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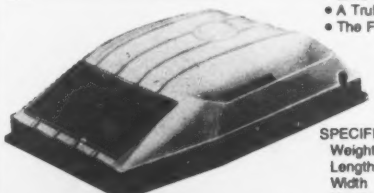

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SPECIFICATIONS:
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Length 35"
Width 22"
Height 10½"
¹Cooling Capacity: 750 CFM

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